

CITY OF MILPITAS

Minutes of: CITY COUNCIL (FINANCE) SUBCOMMITTEE
Date/Time: Wednesday, March 7, 2007 – 4:00 p.m.

I. CALL TO ORDER: Council Member Gomez called the meeting to order at 4:00 pm

Attendance:

City Manager: Thomas C. Williams

City Council: Council Member Armando Gomez; Council Member Debbie Giordano

Staff: Emma Karlen, Greg Armendariz, Felix Reliford, Kathleen Phalen, Marilyn Nickel

II. CITIZENS FORUM:

No Comments.

III. APPROVAL of MINUTES: Approval of the February 7, 2007 minutes.

IV. ITEMS FOR DISCUSSION

A. Cupertino Sanitary District Wastewater Capacity Review

Kathleen Phalen, City Engineer – The City is seeking a cost-sharing agreement with Cupertino Sanitary District for wastewater capacity review. It has been determined that additional wastewater capacity is needed to accommodate the City's growth forecasted in the General Plan Amendments. We had a consultant determine that Cupertino has the excess capacity, and the next step will be to determine the fair-market price of the capacity. This will then be presented to Cupertino to determine if they are willing to sell. The total cost of the cost sharing agreement is \$25,014, and there are funds available for this purpose. Conceptual approval to proceed with the cost sharing agreement is therefore requested.

Council member Gomez and Council member Giordano – Approved the recommendation and this will be presented to the Council at the next meeting.

B. Request by Global Premier Development to Defer Development Impact Fees for a 101 Affordable Unit Project

Felix Reliford, Acting Planning Director – Felix Reliford introduced the developer, Magdy Hanna, with Global Premier Development Inc. and Blake Davis, the Investor from Houston Housing Capital to present a proposed 100% affordable-income housing project. Global Premier Development has been granted about \$24 - \$25 million in tax credits from the State of California that would be invested into the property.

One projection is that Global Premier Development and the proposed Warmington housing projects will be tied into a joint partnership. In this partnership, Global Premier will provide 100% affordability, thus eliminating the need for The Warmington project to provide any affordable housing in their project. Therefore, the two projects together would meet the 20% necessary affordable housing requirements. In this case, Global Premier Development would request a loan of \$5.3 million from the City's RDA Agency to provide financial assistance to this housing project. However, the City would need to ensure that the Warmington project goes forward to be built in order to generate the tax increment from the Warmington project for the Global Premier project. Until such time that building permits are pulled and the City is assured the two projects go forward, either Global Premier or the Warmington project would be required to provide a "Letter of Credit" to guarantee the \$5.3 million.

However, in case the Warmington project does not join together with the Global Premier project, then Global Premier Development is requesting the City to defer \$2.3 million in development impact fees as a loan against the property to help cover their shortfall. Payment on the loan would begin in year one with a 3% interest rate to be paid back within 16 years. If the Warmington project does end up moving forward, then part of the \$5.3 million tax increment can be used to pay off the \$2.3 million debt sooner. This project would be tied into the Owner's Participation Agreement. Safeguards will be implemented to protect the City and guarantee the property maintenance and upkeep will not deteriorate. The proposed Global Premier project is under very tight deadlines in order to get the tax credit from the State.

Council Member Gomez and Council Member Giordano – Approved the recommendation for \$2.3 million deferred loan, and this will be presented to the Council at the next meeting.

V. OTHER BUSINESS – None

VI. NEXT MEETING – Wednesday, April 4, 2007 at 4:00 pm

VII. ADJOURNMENT